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QADHAFI'S "*PERESTROIKA*": ECONOMIC AND POLITICAL LIBERALIZATION IN LIBYA

Dirk Vandewalle

THE global economic recession of the 1980s forced most Middle East countries, both oil producers and non-oil producers, to implement new measures in pursuit of sustainable macroeconomic policies. The underlying rationale for their adoption in each country was based on two interrelated developments: First, both oil and non-oil countries had grown heavily dependent upon external capital inflows; second, a number of economic and political developments in the 1980s threatened continuation of these inflows. The most important developments were the debt crisis and reduced worker remittances that forced several non-oil Arab economies to restructure their markets to foster foreign investment, the oil glut that lowered prices and revenues for oil exporters, and the loss of aid and concessional loans as the increasing convergence of superpower interests no longer necessarily converted political alignment into financial reward.

The literature dealing with economic liberalization and privatization in the Middle East has grown into a veritable cottage industry.[1] Analysts who study the

1. For the purpose of this paper a mainstream definition of economic liberalization and privatization is used. The former refers to the adoption of a number of measures—most notably the reduction of state subsidies—that allow prices of commodities in a country to rise in order to more accurately reflect their real cost of production; the latter refers to the actual divestiture of state assets. For background and a general appraisal of several of these attempts, consult chapters 7–9 in Alan Richards and John Waterbury, *A Political Economy of the Middle East: State, Class, and Economic Development* (Boulder, CO: Westview Press, 1990).

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political economies of the region have tended to divide them into "socialist" regimes and conservative "oil-driven" regimes.[2] This article takes a look at recent "liberalization" efforts in Libya which combine features of both: It has a rentier economy, highly dependent on oil revenues, and its own idiosyncratic version of socialism. After almost two decades of this type of socialism, of confrontation with the West and with its regional neighbors, and of successive waves of internal political mobilization, Libyan leader Muammar Qadhafi in March 1987 announced the first of a series of economic and political measures that rescinded some of his earlier directives.

In light of Libya's history since the 1969 coup, the measures introduced in early 1987 prompt a number of questions: Does the country's political *ouverture* represent more than a "safety valve *perestroika*" and its economic policies more than a "consumer *infitah*" that leaves intact the rentier economy and the patronage system that fueled Qadhafi's political experiments? What prompted this reversal? What convinced a regime that until recently dismissed all notions of internal accountability and international convention to reach some form of accommodation with its population and its neighbors even if symbolic and perhaps temporary?[3] Technically speaking, the problems in effecting market reforms in Libya closely match those found in other countries where the free exchange of economic information is ignored or suppressed. The Qadhafi government's economic and political experiments, however, have both obstructed and channeled that process in a unique direction that does not augur well for the economic future of the country.

POLITICAL LIBERALIZATION AND PRESSURE FOR CHANGE

As Libya celebrated the twentieth anniversary of its "revolution" on September 1, 1989, the country entered its third decade under the leadership of Qadhafi. In his view, only constantly renewed waves of political mobilization among the *jamahir* (masses) could sustain a *jamahiriya,* a neologism coined by Qadhafi meaning a political system purportedly marked by popular rule but without political parties or their representatives. With the creation of the People's Army at the 1989 celebrations, Qadhafi declared that all institutions in the country had been put directly under the command of the masses. Libya had become the full-fledged jamahiriya that he had earlier described in his Green Book. The time

2. C.H. Moore, "Money and Power: The Dilemna of the Egyptian Infitah," *Middle East Journal,* vol. 40, no. 4 (Autumn 1986), p. 634.

3. Libya's diplomatic efforts to escape from its regional and global political isolation, including a referral of the Aouzou question to the International Court of Justice, is not covered in this article. For more details on the latter, consult Dirk Vandewalle, "The Libyan Revolution after Twenty Years, Part I: Evaluating the Jamahiriyah," *Universities Field Staff International,* Africa/Middle East 1990–91, no. 2; *idem.*, "The Libyan Revolution after Twenty Years, Part II: A Libyan 'Perestroika'?" *Universities Field Staff International,* Africa/Middle East 1990–91, no. 8.

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TABLE 1
Libya: Political and Economic Change, 1969–1989

September 1, 1969	The kingdom headed by Idris al-Sanusi falls in a coup.
September 13, 1969	Muammar Qadhafi is nominated president of the Libyan Arab Republic.
November 14, 1970	In an administrative reorganization, governorates, municipalities, and districts are created to replace traditional administrative boundaries.
October 28, 1972	Committees are created to "Islamize" the Libyan legal system.
April 15, 1973	Qadhafi issues his Third International Theory and announces the introduction of People's Power in a speech delivered in Zuwara.
April 18, 1973	The first popular committees are created. Their job is to take over the formal instruments of government on all levels.
August 1975	The first major coup is attempted against the Qadhafi government. It is led by Minister of Planning Umar al-Muhayshi, whose flight to Egypt neutralizes the technocratic faction within the government.
September 1975	First basic people's congresses are created.
January 5, 1976	The first General People's Congress convenes.
September 17, 1976	"Democracy," the first part of the Green Book, is published.
February 28, 1977	At Sabha, an extraordinary meeting of the General People's Congress ratifies a draft declaration formalizing the institutionalization of People's Power.
March 2, 1977	An extraordinary session of the General People's Congress declares Libya a jamahiriya. The Revolutionary Command Council is disbanded.
November 6, 1977	Revolutionary committees are established. They are responsible for inciting the popular congresses and committees to become more active politically.
February 1, 1978	"Economics," the second part of the Green Book, is published.
March 2, 1978	The Secretariat of the General People's Committee replaces the cabinet.
March 1978	The elimination of private property is announced.
July 3, 1978	In Tripoli, a major debate takes place at the Moulay Muhammad mosque between Qadhafi and the ulama regarding the political and economic role of Islam in modern societies.

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TABLE 1 (con't)
Libya: Political and Economic Change, 1969–1989

September 1, 1978	Qadhafi exhorts workers to take over their places of employment in a system of self-management. The banking and petroleum sector are excluded from the measure.
June 1979	"Social Problems," the third part of the Green Book, is published.
February 1980	Under the guidance of the revolutionary committees, the first campaign is launched against the revolution's "stray dogs" living abroad.
March 1980	Private savings accounts are eliminated.
Spring 1984	A new campaign against "stray dogs" is launched.
Summer 1984	State supermarkets are created.
July-September 1985	Amid deteriorating foreign relations, Libya expels foreign laborers, primarily Egyptians, Moroccans, and Tunisians.
February 1987	Delegates at the General People's Congress strongly criticize the government's economic policies, Libyan involvement in Chad, and the revolutionary committees.
March 27, 1987	Qadhafi announces reforms for economic and political liberalization.
May 23, 1987	Qadhafi delivers a speech on industrial and agricultural reform arguing for further liberalization.
March 1988	The Ministry of Mass Mobilization and Revolutionary Leadership is created to limit and institutionalize the power of the revolutionary committees.
May 1988	The authority of the revolutionary courts is curtailed in favor of regular people's courts relying on traditional Libyan procedures.
June 15, 1988	The General People's Congress at al-Bayda adopts the Great Green Charter of Human Rights which guarantees Libyans a number of rights in accordance with international law.
March 1989	The Ministry of Justice is created.
September 1, 1989	Libya celebrates the twentieth anniversary of the Libyan revolution. The People's Army is created and Qadhafi proclaims that all institutions are under the control of the jamahir.

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had come, Qadhafi asserted, to extend the revolution internationally because "the world era of the jamahiriya has begun."[4]

The April 1973 introduction of People's Power at a meeting in Zuwara and the creation of popular congresses, essentially local councils, made opposition to the Qadhafi government theoretically impossible. Under People's Power, the jamahir were to take over direct control of the institutions of government, and, according to Qadhafi,

> . . . the opposition can be found in the popular congresses. Anyone has the right to express a contradictory opinion and to defend it before the congress. . . . But it must be clear that the Jamahiriyah represents the people's power and that no opposition can exist outside the system in which, naturally, every individual has the right to express himself and to defend his opinions.[5]

According to Law 78 of 1973, issued shortly after the Zuwara declaration of People's Power, anyone opposing the regime outside the formal congress-committee structure would be viewed as a traitor (*man tahazzaba khanan*). Until the creation of the revolutionary committees in November 1977, the intimidation campaign against potential internal opposition apparently relied more on persuasion than outright repression. Qadhafi, in fact, initially expressed confidence that the population would take up his calls for continuous mobilization and that loyalty, rather than repression, would govern the interaction between the Revolutionary Command Council and the population.

The rise of these revolutionary committees also intensified the persecution of Libyan opponents living outside the country—the campaign in the early 1980s for the physical liquidation of the revolution's "stray dogs,"—and brought about more heavy-handed internal enforcement of the regime's directives. Surveillance of the population and severe sanctions for noncompliance with political directives grew exponentially. Repression rather than loyalty or reliance on Qadhafi's charisma became the norm and few opposition groups inside the country could survive the government's scrutiny and tactics. The largest exodus of Libyans dates from this period and marks the beginning of a rapidly growing number of opposition organizations in exile.[6]

At the time, the regime still perceived the internal secular opposition to be of little danger although it increasingly targeted the army officers. Of greater concern was the growing Islamist movement which Qadhafi accused of *zandaqa* (heresy). Since 1973, there had been periodic arrests (and executions) of Islamic figures.

4. All references to Qadhafi's speech at the twentieth anniversary celebrations are taken from his address at the People's Hall, Tripoli, September 1, 1989. The speech is reproduced in *al-Fajr al-Jadid*, September 1, 1989, and by the Jamahiriya News Agency (Arabic and English), August 31/ September 1, 1989. All translations from French and Arabic sources were, unless noted otherwise, made by the author.

5. Qadhafi in Hamid Barrada, *Kadhafi: "Je suis un opposant à l'échelon mondiale"* (Lausanne: Editions Pierre-Marcel Favre, 1984), p. 77.

6. For background on the successive waves of opposition to Qadhafi, see Lisa Anderson, "Qadhdhafi and His Opposition," *Middle East Journal*, vol. 40, no. 2 (Spring 1986).

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Some of these, such as the grand mufti Ahmad Tahir al-Zawi, were independent leaders who objected in particular to Qadhafi's pronouncements on Islam and the value of the *Hadith* and the *Sunna*. Others, however, belonged to more politically active "fundamentalist" groups which Qadhafi clearly considered more dangerous to his regime. They included the Hizb al-Tahrir al-Islami, Takfir wa Hijrah, Tabligh, the Jihad al-Islami, and the Munazzamat al-Jihad al-Islami, as well as a number of other groups which surfaced randomly and claimed responsibility for diverse acts of sabotage inside the country.

By the spring of 1987, a new wave of increased tension between the Islamists and the government had occurred. In August 1986, Ahmad al-Warfalli, a prominent revolutionary committee member, was murdered in Libya by opponents of the regime. At the same time, delegates at the General People's Congress in Sabha in February 1987 voiced open and sustained criticism of the government's economic policies, the conflict in Chad, and the overzealousness of the revolutionary committees. This marked the first serious episode of concerted popular dissatisfaction to be noted in the official Libyan press. Qadhafi's response was twofold. First, on February 17, 1987, Libyan television reported the execution of six civilians allegedly belonging to the Islamic Jihad organization and of three military "opponents." Second, on 27 March, the Libyan leader announced the economic and political liberalization measures which he termed a "Revolution within the Revolution."

Among other things, the new political directives resulted in the release of hundreds of political prisoners in 1987 and 1988. Qadhafi personally helped to demolish Tripoli's central prison on March 3, 1988, an event broadcast for months afterwards on local television. At the same time, he personally supervised the destruction of thousands of police files collected by the country's four security organizations. Again, on March 12, 1988, Qadhafi intervened personally to destroy the borderpost at Ras al-Jadir (Tunisia), declaring that all Libyans were free to travel. Armed with relatively generous hard-currency allowances—approximately $1,000 for every family member—almost 1 million Libyans in 1988 visited neighboring Tunisia where these "Green Locusts" provided a welcome source of income for an economy strapped for cash. Furthermore, Qadhafi attempted to lure Libyan exiles into returning to the country with promises of work and assurances that they would not be persecuted. For the purpose he met, on at least two occasions—once in Algiers and once in Tripoli—with opposition leaders in an attempt at conciliation. Confiscated passports were reissued to all Libyans, and the power to seize them was delegated to the popular congresses rather than to the police or security services.

Revolutionary Committees: Their Rise and Fall

As in most other countries with revolutionary pretensions, since 1969 Libya has used its legal system to foster and guide the political directives of the

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country's leadership. In the years immediately following the coup, the leadership, influenced in part by a search for legitimacy and a visceral rejection of Western influence, attempted to put forward the *sharia* as the only source of law applicable to Libya.[7]

It seemed highly unlikely, however, that such a system, with its emphasis on codified legal remedies, would survive Qadhafi's conception of a Continuous Revolution in which constant upheaval was a sine qua non. Shortly after the announcement of People's Power in April 1973, a system of law began to emerge that was more attuned to the revolutionary principles of the regime. This trend was later reconfirmed by the 1977 Sabha declaration calling for an intensification of the revolution; by this time some of the guidelines of the Green Book had, in effect, become the guiding legal norms of Libyan society. In a major debate at the Moulay Muhammad mosque on July 3, 1978, and in a number of speeches thereafter, Qadhafi attempted both to prove that Islamic legal rules could not guide economic and political policies in modern societies and to deny that those who argued for their application had any special right to do so. He thus invoked the wrath of the *ulama*.[8]

A few months after the Sabha declaration, Qadhafi moved further in the direction of implementing a revolutionary justice system. One key to his strategy was the revolutionary committees. These committees did not form part of Qadhafi's plans as delineated in the Green Book but were created in November 1977 to instill greater vigor into the popular congress system in which members had started to "pursue the specific interests of their own regions without adequate concern for the general good of the country."[9]

7. This included, in theory at least, Islamic punishment. Although this was reaffirmed in Article 2 of the 1977 Sabha declaration (see table 1), in practice it has not been used. The regime has clearly spoken out against it as being atavistic. The Great Green Charter of Human Rights of June 1988 reiterates for example that "the objective of the jamahiriya is to abolish capital punishment," but so far the General People's Congress has not passed a law to that effect. For a recent book that deals with the legal system in the jamahiriya, see Ali Dawi, *Manahij al-bahth al-qanuni* (Legal Research Methods) (Tripoli: Al-Fatih University Press, 1984).

8. Article 10 of the Great Green Charter of Human Rights repeated that "[religion] is personal . . . a direct relation with the Creator, without intermediary." All references to the Great Green Charter are from *Al-Wathiqa al-Khadra al-Kubra lil-huquq al-insan fi asr al-jamahir* (The Great Green Charter in the Era of the Masses) (Tripoli: Al-Markaz al-Alami lil Dirasat wa al-Abhath al-Kitab al-Akhdar [World Center for Studies and Researches on the Green Book], n.d.). *Al-Wathiqa al-Khadra*, p. 10.

9. The first revolutionary committee was established in Tripoli and was followed by the creation of similar committees in Tarhuna, Benghazi, Tukra, and Bani Walid. On the revolutionary committees, see in particular Omar el-Fathaly and Monte Palmer, "The Transformation of Mass Political Institutions in Revolutionary Libya," in George Joffe and Keith McLachlan, eds., *Social and Economic Development of Libya* (Wisbech, UK: Menas Press, 1982), quote is from p. 247; Habib al-Hisnawi, *The Revolutionary Committees and Their Role in the Confirmation and Consolidation of the People's Authority* (Tripoli: Al-Markaz al-Alami lil Dirasat wa al-Abhath al-Kitab al-Akhdar, 1987); *Al-Lijan al-thawriya*, (Tripoli: Al-Markaz al-Alami lil Dirasat wa al-Abhath al-Kitab al-Akhdar, 1085) and the relevant chapters in Hanspeter Mattes's exhaustive study of the Libyan political system, *Die Volksrevolution in der Sozialistischen Libyschen Arabischen Volksjamahiriyya* (Heidelberg: Kivouvou Verlag, 1982). The committees have also published *al-Zahf al-Akhdar* (since 1979) and *al-*

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In reality the revolutionary committees increasingly set and enforced agendas at local congress meetings, often through intimidation.[10] They became the only institution allowed to engage in revolutionary activities. In 1980, members of the committees became part of what soon became known as "revolutionary courts," and the following year lawyers were no longer allowed to maintain private practices. This development usurped the power of the country's ordinary courts and marked the beginning of a seven-year period characterized by an arbitrary and increasingly repressive revolutionary justice system that contributed to the growing tension inside the country.

By the time of the March 1987 political and economic measures, Qadhafi had hinted in some of his speeches that he was aware of the negative impact of the revolutionary committees and problems caused by the legal restrictions on property rights. His attempt to restore some form of stability and freedom in the face of potential unrest was highly selective but, nonetheless, important. In 1987 and 1988, the committees were repeatedly singled out by Qadhafi as overzealous and power-hungry. Within a matter of months, they lost a substantial number of their functions, particularly in the police, security, and intelligence operations where some committees had begun to operate. In 1988, the newly created Ministry for Mass Mobilization and Revolutionary Leadership—under the guidance of Ali al-Sha'iri—took over several functions from the revolutionary committees. Significantly, however, the March 1987 directives did not open the way for a real opposition to coalesce in the country. A further worrisome development occurred shortly before the announcement of the liberalization measures. At the twelfth general meeting of the General People's Congress, February 26-March 2, 1987, members of the coordinating committee for the revolutionary committees and of the Green Book Center—two institutions normally headed by "Green Men," or committed revolutionaries—were appointed to head several important ministries.[11]

The Great Green Charter of Human Rights

Qadhafi's charges against the security services and the revolutionary committees increased dramatically in 1988. He repeatedly castigated the lack of the rule of law in the jamahiriyah and squarely acknowledged that abuses had taken

Jamahiriya (since 1980). The former is particularly worth reading because it often contains unsigned front-page articles by Qadhafi.

10. *Shuruh Kitab al-Akhdar* (Commentaries on the Green Book) (Tripoli: Al-Markaz al-Alami lil Dirasat wa al-Abhath al-Kitab al-Akhdar, 1986), no. 16, p. 21.

11. These were Mustafa Sharnana, Muhammad Lutfi Farhat, and Ben Abbous of the Green Book Center and Mustafa Zaidi and Ahmad Ibrahim of the coordinating committee. For a flavor of the mindset of one of these "Green Men," see Muhammad Lutfi Farhat, *Landmarks of a New Economic Theory: Studies on Some Economic Issues Raised by the Third Universal Theory* (in Arabic) (Tripoli: Al-Markaz al-Alami lil Dirasat wa al-Abhath al-Kitab al-Akhdar, n.d.). This is an attempt to bring the second volume of the Green Book in line with mainstream economic theory.

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place. In a remarkable *volte-face* he became an advocate of legality, freedom, and human rights. Furthermore, in an effort at consistency that would have been unthinkable during the revolutionary phase of the late 1970s and the 1980s, he proposed the codification of these principles through the General People's Congress.[12] The security and police services were singled out for their excesses, and Qadhafi suggested making them directly responsible to the General People's Congress. In a speech in May 1988, he went further in suggesting that all punishable crimes be clearly enumerated and codified to halt arbitrary arrests for unspecified crimes.[13] Except for cases involving treason, the revolutionary courts were abolished and replaced by people's courts. In a subsequent speech, Qadhafi also promised legal redress for wrongs committed by Libyan authorities in the past.[14] In March 1989, a new Ministry of Justice was created.

Several other rights, however, continued to be denied. Qadhafi continued to argue that, because Libya was a jamahiriyah where people exercised power directly, there was no need for some of the liberties adopted in other countries: there was no room for a free press because the people were free to express themselves at the people's congresses; no right to strike because Libyans were the owners of the factories at which they worked; no specified rights for opposition groups because opposition could only take place within the congress and committee system.

As Qadhafi moved toward the proclamation of the Great Green Charter of Human Rights in June 1988, his campaign for greater legality and accountability contained several indications that he was genuinely concerned about reducing the nefarious impact of security organizations, the police, and the revolutionary courts. Whether this was out of genuine concern for human rights—as Qadhafi repeatedly tried to portray his actions—or simply to relieve internal pressure is not easy to determine. What is clear, however, is that the measures gave Libyans neither the political nor the civil rights traditionally assumed under international law.

The Great Green Charter of Human Rights, adopted by the General People's Congress, continued to reflect this ambiguity. While it codified some of the principles Qadhafi had earlier insisted upon, it lacked many provisions that would have extended human rights to all Libyans.[15] In essence, the Green Charter contains a compilation of Qadhafi's earlier thoughts, some of them foreshadowed in the volumes of the Green Book. Other stipulations are clearly a step back from

12. Consult Qadhafi's speech in Foreign Broadcast Information Service, *Daily Report*-Near East and South Asia (FBIS-NES), March 29, 1988, particularly pp. 20–26.

13. FBIS-NES, May 3, 1988, p. 16.

14. FBIS-NES, May 5, 1988, p. 19.

15. It contained, for example, no guarantees for legal assistance, no permission to form opposition groups, no freedom of religion or of expression. Article 6 of the document allows the creation of professional associations—a journalists' association was formed in the summer of 1990—but no retraction of the 1973 Law 78 that permits the Qadhafi government to brand any independent criticism as a form of treason.

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his earlier pronouncements. Article 11, for example, calls private property "sacred [*muqaddasa*] and protected," but concludes that it can be circumscribed by "the public interest" without specifying what the public interest entails.[16] Furthermore, Article 25, specifying that every member of the jamahiriya must defend his or her country "until death," and Article 26, stating that all "acts contrary to the principles and rights" [of the Green Charter] are not allowed, create gray areas that can be labeled as treasonous behavior by the government if it so desires.[17] Finally, the single statement contained in Article 9 that all Libyans have the right to legal counsel and to an independent judiciary is laudable but offers no real guarantees. In the spring and summer of 1989, the Qadhafi government attempted, nevertheless, to put some of the Green Charter's provisions into practice. The General People's Congress, in March 1989, adopted a law that called for the judiciary's independence and extended this call later to include strengthening the people's courts and a demand for greater legal accountability. In May 1989, Libya signed the United Nations Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment.

LIBYAN-STYLE INFITAH

In an interview in 1983, Qadhafi noted his opposition to the economic liberalization then starting to take hold in the Arab world. He remarked at the time that it represented a failure of local development and a capitulation to the West:

> You will see that those who have failed to resolve their economic problems in their countries and who couldn't mobilize popular forces for the development and for the exploitation of the country's resources turn . . . toward *infitah*, as in Egypt. They open the gates to foreign exploitative capital, to sumptuous palaces, to American corporations, to multinationals. In this way they compensate for the accumulated defeats by throwing themselves into the arms of economic colonialism.[18]

The infitah that started in Libya in March 1987 must be measured within the context of a number of powerful and often countervailing variables: structural economic and internal political difficulties; a continued rhetorical commitment to the goals of the Continuous Revolution spelled out in the Green Book; the fact that, despite an economic downturn, the country still enjoyed relatively high levels of revenues that allowed the government to "buy" cooperation from the population rather than ensure it through more conventional representative mechanisms.

The regime's efforts to implement the economic philosophy contained in the second part of the Green Book had a profound impact on the daily lives of the

16. *Al-Wathiqa al-Khadra*, p. 11.
17. *Ibid.*, p. 16.
18. Qadhafi quoted in Barrada, *Kadhafi*, p. 179.

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Libyan population. They included the rapid evisceration of the private sector, the 1980 demonetization allowing for closer supervision of savings accounts, a directive allowing only one house per family, a state monopoly on exports and imports, and an injunction against employing anyone who did not share ownership in his or her place of employment. Taken together, these measures quickly reduced a whole class of merchants and businessmen to passive onlookers. Against this background, the change of direction in Libya's economic policy after March 1987 is unmistakable, even if the government has attempted to portray economic measures since then as following logically from its earlier policies; Qadhafi argued that the revolution was completed and that everyone was now allowed to "join" the bourgeoisie.[19]

It was almost 20 years after Egypt's infitah, and a decade after neighboring Algeria adopted its economic reforms, that Qadhafi on March 27, 1987, finally announced the jamahiriya's own version of infitah in a major speech before the General People's Congress and the secretaries of the municipal committees. It was followed, on 23 May and at the 1 September anniversary celebrations that year, by other important pronouncements that, for the first time since the advent of People's Power, envisioned a new role for the private sector and simultaneously promised further political liberalization.

Although a 1978 law on wage-earners remained in effect, Qadhafi introduced a variation on an earlier theme. He adopted the concept of *tashrukiyya,* a form of self-management that allows for the creation of cooperatives to which some partners contribute labor and others capital. Shortly after the September speech, the Ministry of Industry announced a timetable for the further "privatization" of economic enterprises. By August 1988, approximately 140 companies had been turned over to self-management committees and, at least in theory, no longer received the automatic subsidies they once enjoyed. One of the last enterprises to adopt tashrukiyya was the former Pepsi-Cola plant near Benghazi, now producing local versions of the soft drink under an Arabic name. At the September 1, 1988, anniversary celebrations, Qadhafi announced the abolition of the state import and export monopoly.

At the same time, a number of injunctions against retail trade were lifted, and the *suq*s inside the cities reopened. By the end of 1988, most light and medium-sized industrial enterprises had been turned over to self-management committees. As in the late 1970s when the oil sector and heavy industry were exempt from the socialization measures, these enterprises were now also excluded from the privatization legislation and remained firmly under state control. Physicians were allowed to open private clinics but fees were still set by the appropriate ministry.

19. As he often does, Qadhafi used a play on words to announce that every Libyan citizen could join the bourgeoisie. He noted cynically that everyone can now live in a *burj aji* (ivory tower) if they felt so inclined.

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Obstacles To Genuine Infitah

If economic privatization centers around "an effort to increase efficiency and competitiveness in world markets," and "to cut back on the huge government subsidies paid for food and other imports... [and] social services," it is clear that Qadhafi's Libya has barely started down that path.[20] Ultimately the move toward a more market-oriented economy depends upon the willingness of governments to provide economic information and incentives to individuals and institutions, and to create a legal environment allowing them to put these incentives to efficient use.

Since 1969, the Libyan government has pursued policies having the opposite effect. It implemented radical socialist economic policies in which all aspects of the economy—from banking to retail—were dominated by the state and where individuals were first discouraged and later forbidden (in the name of People's Power) to engage in the economy outside the state-controlled public sector. In this process the state assumed a purely distributive role. It not only failed to create the administrative, regulatory, and legal institutions that were needed to establish markets internally, but it tried to abolish them after the 1977 Sabha declaration with its "revolutionary" initiatives.

As with other oil exporters, the distributive policies of the Qadhafi government included a political goal. Suspicious of any corporate group or any organized entity whose motives could be broadly construed as political, the government used its distributive strategy to "buy off" various groups in the country's civil society and to prevent infighting among them. By avoiding the creation of an internal market system, the regime closely linked its economic strategy to its political goals. The announcement of People's Power in 1973 was only the formal acknowledgement of a policy that the Qadhafi government had pursued since it came to power—the eradication of all civil institutions in the country. The unpredictability of the "revolutionary" legal system and the attenuation of property rights in the 1970s reinforced that tendency. In the process, the regime broke the financial power of the country's bourgeoisie through a series of measures ranging from its "partners, not wage-earners" policy to outright destruction of property.

The nationalization of oil and land and the monopoly over imports and exports gave the state control over all sectors of the economy but kept economic regulation at a low level. Rather than strengthening the regulatory and administrative capacities indispensable for the transition to a market economy, the Libyan state used a heavy hand to avoid fine tuning its procedures for arbitration, taxation, and enforcement of property rights. In the absence of any need to adjudicate between different groups engaged in market relations, the Libyan state simply became a rather crude monitoring agency without the legal or financial institutions required in a market system.

20. C.H. Moore, "Money and Power," p. 634.

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The outcome of this type of economic "management" can readily be ascertained by a quick review of the Libyan economy since 1969. By the early 1980s, the country's economy showed signs of serious structural deficiencies. The industrial sector produced a few goods for which there was no market internationally or for which the local market was too small. The agricultural sector lagged even though the Great Manmade River Project, a $27 billion network of pipelines to bring fossil water to the coast, proceeded unhindered by financial considerations. Because of its enormous revenues, however, Libya had no appreciable long-term foreign debt and continued to refrain from borrowing extensively on the international market. Because of its still substantial currency reserves, neither its low economic growth nor its relatively high inflation rate were particularly worrisome at the time.

This changed dramatically after 1985. In that year, Libya's revenues tumbled from $21 billion to $8.5 billion and to slightly more than $6 billion in 1986.[21] Cutbacks in import bills led the government to reduce substantially the country's development budgets, and several of the country's major industrial and agricultural projects were halted with the exception of the Great Manmade River Project. Although Libya had no difficulty raising short-term syndicated loans on the international market at favorable rates—some of them obtained through the offshore Libyan Arab Foreign Bank—the decision to resort to international borrowing was a clear indication of the country's economic plight.[22]

In summary, Libya's economic restructuring can hardly be called genuine infitah. A number of powerful factors make any headway toward a real infitah in Libya unlikely as long as the regime can contol its distributive policies. These include the lack of an institutional framework, the weakening of civil groups that can articulate collective interests, and the promotion of the interests of the regime's client support group. However one explains the economic measures adopted by the Qadhafi government, they did not emerge under the pressure of international financial institutions —Libya does not report to the World Bank or the International Monetary Fund—or because of severe fiscal restraints. They were not the result of pressure from the regime's client groups whose economic fortunes were tied to the perpetuation of the state's distributive policies. In effect, the regime has hardly withdrawn from the economy.

Political Motives for Liberalization

Libya's infitah and accompanying political liberalization were only marginally related to the question of efficiency. Rather, political pressures largely fueled the changes. It is clear from Qadhafi's speeches in 1986 and 1987 that he was

21. *Economist Intelligence Unit,* yearly reports on Libya for 1985, 1986, and 1987.

22. It also forced the government to replace Rajib Mislati, the Central Bank governor and a vehement opponent of international borrowing, with former treasury minister Qasim Shirlala.

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aware of the potentially explosive impact of the economic crisis on ordinary Libyans who suffered from a severe lack of consumer goods. The state supermarket system represented one of his key attempts to eliminate private trade—based on the argument that retailers were "parasites"—but it faltered under the weight of corruption and a disorganized distribution system. An illegal but unofficially tolerated black market provided little relief for most Libyans. As part of a large family living on a fixed income, the average Libyan discovered that most available goods were beyond his or her purchasing power.[23] In addition, the expulsion of tens of thousands of expatriate workers in 1985 brought the service and agricultural sectors to a virtual standstill.

By 1987, the diplomatic isolation that prevented Libyans from traveling abroad, and the continuing conflict in Chad that consumed material and human resources, raised discontent to previously unknown levels. The increasing numbers of funerary tents in the cities became a source of gossip that could not be stilled by official pronouncements about the progress of the war. The examples of economic privilege amid the austerity of urban life added to popular dissatisfaction. Although Qadhafi had repeatedly imposed draconian measures to ensure egalitarianism, economic inequities were evident. Numerous cynical comments could be heard regarding the extravagant housing of many top bureaucrats and army personnel. The dismal performance of the state supermarket system was widely rumored to be the result of corruption by top ministry officials. In a political system where egalitarianism and solidarity were the regime's ideological cornerstones, such discontent constituted a troublesome phenomenon that Qadhafi tried unsuccessfully to counter in his speeches.

A number of other factors also signaled to the regime that the Libyans had lost the capacity for absorbing revolutionary measures. As John Davis has convincingly argued, the results of Qadhafi's economic and political measures was often in striking contrast to the intentions of the regime.[24] Indeed, one could argue that in a rentier economy like Libya's, the longevity of the revolution has depended, in part, on the regime's capacity to "buy" cooperation. Despite Qadhafi's attempts to eradicate their influence, family and tribe remained important social institutions that provided continuity and support, particularly in the face of erratic economic measures that could swallow personal wealth overnight. Many Libyans simply withdrew to these familial and tribal institutions much like the original bourgeoisie had earlier withdrawn when the massive political mobilization effort started after 1973. They could do so relatively easily until 1982 because even the massive spending on military hardware and foreign adventures

23. The situation was somewhat remedied after the restoration of relations with Tunisia in 1987. Since then, Tunisian merchants have supplied the Libyan market with food and basic consumer goods. The prices remain exorbitant in these so-called "Tunisian suqs": $6 for a small can of tuna, up to $20 for a kilo of low-quality meat, if available. The average basic salary meanwhile hovers around $600.

24. See John Davis, *Libyan Politics: Tribe and Revolution* (Berkeley: University of California Press, 1987).

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left enough money to provide each Libyan with a style of living to which, even a few years earlier, only a small minority had been accustomed. The average Libyan, including the special case of the bazaaris, had been pampered by the egalitarian distributive policies of an oil state.

A few key events in the 1980s, however, changed this situation. Wholesale patronage—one of the rentier economy's prime characteristics on which, ultimately, the entire experiment in People's Power has depended—became increasingly difficult.[25] The need to come to terms with the country's economic problems and its diplomatic isolation were expressed to Qadhafi on several occasions. By 1987, however, the hand of those arguing for greater flexibility had been considerably strengthened. Their arguments, in essence, repeated what several of the country's planners had insisted upon, at personal peril, in the early days of the revolution—the need for a more rational use of economic resources. Indeed, it was this insistence that led to the first major coup attempt against the Qadhafi government in 1975.

Circumstances in 1987 were much bleaker, however, and the options available both fewer and more difficult to implement. Consumer shortages and bread lines became a common feature in most Libyan cities. Under those conditions *tawsi' al-thawra*—the international extension of the revolution—was no longer a viable option for Qadhafi even if the concept was still used for internal propaganda purposes, especially to maintain the country's opposition to the United States. The mounting human cost of the war with Chad also made the regime realize that it could no longer count on the passive acquiescence of the population.

CONCLUSIONS

Libya's "corrective measures" taken between 1987 and today, must be understood primarily as a means for relieving popular grievances and for safeguarding the political system. In this system, where symbolism and charismatic leadership have played an important role, the diplomatic campaign to polish the image of Libya's revolution both abroad and at home was intended to bring renewed luster to a tarnished political experiment. The reforms tempered somewhat the arbitrariness and confusion that Qadhafi's political and economic directives had caused his country. They also added a glimmer of legitimacy to some formal institutions at the expense of revolutionary ones.

It is too early to draw any firm conclusions from these developments. Important political directives in Libya are still made almost exclusively by Qadhafi and a small group of advisers. Libya remains a political system where no opposition is tolerated, where a high level of arbitrariness usually has been the rule of politics, and where the citizens have experienced a high level of

25. As one Western-educated professor at al-Fatih University stated in a surprisingly candid comment to the author, "The day the money runs out, Qadhafi is finished." Tripoli, July 1, 1989.

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uncertainty. Despite changes made since 1987, the system is still not subject to institutional checks nor its leadership to accountability.

It is true that there has been some restoration of the rule of law and some more limited movement in the area of human rights. After several years of "revolutionary justice," for example, some sense of predictability has been established through the people's courts. (In 1989 and 1990, the General People's Congress repeatedly insisted that the judges on the people's courts have a formal legal education, a measure Qadhafi has so far unsuccessfully opposed.) It is equally important to note that these positive steps have taken place in areas that do not threaten the regime's survival. Where reforms are judged to be threatening—such as the prospect of opposition parties or the extension of freedom of belief and expression—the measures since 1987 have been relatively ineffective. Hundreds of persons were reportedly rearrested in 1989, and opposition politics and free speech are still forbidden.

If Libya's political liberalization remains limited, its economic infitah deserves equally sceptical analysis. Its main purpose was apparently to relieve pressure when economic downturn caused potential threats to the regime. There are no indications, however, that infitah has to any extent forced the state to hand over some of its economic decision-making power. It also has not led to the creation of institutions that would create viable internal markets. Rather than make that difficult choice, the Qadhafi government decided upon a limited "consumer infitah," allowing the country's bazaaris to provide badly needed goods that it could not deliver itself. In short, in Libya there is no sense of the *infataha al-balad*—the country opening itself up to the outside—that has fueled economic liberalization and privatization in Egypt and Tunisia, and, to a lesser extent, in Algeria and Syria.

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